

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**RECEIVED ORIGINAL
MAY 27 1996**

In the Matter of)
)
Amendment of Part 36 of The)
Commission's Rules and)
Establishment of a Joint Board)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

CC Docket No. 96-45

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REPLY COMMENTS OF THE AD HOC RURAL CONSORTIUM (ARC)

The Ad Hoc Rural Consortium (ARC) is comprised of the operating rural independent telephone companies listed in Appendix A hereto. Each participant in ARC desires to assist the Commission in fulfilling its compelling, national interest obligations and responsibilities to implement the Universal Service and Universal Service Funding provisions of the Telecommunications Act of 1996. To this end, the ARC vigorously urges the Commission to give every consideration to "The Per Minute of Use Universal Service Plan" (Plan) previously submitted in this record.¹ And, also to this end, the ARC members have retained Washington counsel to advocate and promote this Plan with the fervent belief that the Plan is the most appropriate vehicle to satisfy both the Universal Service charge to the Commission contained in the new Act as well as public interest goals of the Commission expressed in its NPRM herein.

Welcoming any appropriate refinement(s), the Plan advocated by ARC is specifically designed to (1) assure the availability in rural areas of "quality" services at just, reasonable and affordable rates, (2) promote access to advanced telecommunications services, (3) ensure the

¹ This Plan was submitted by some of the ARC members, and others, through their industry cost consultant. See Comments of ITCs, Inc. filed April 12, 1996.

equitable and nondiscriminatory contribution to the preservation and advancement of Universal Service, (4) result in specific, predictable and sufficient Federal and State mechanisms to preserve and advance Universal Service, (5) provide access to advanced telecommunications services for schools, health care and libraries, (6) result in rates reasonably comparable to rates charged for similar services in urban areas, (7) be competitively and technologically neutral and (8) result in robust and sustainable interexchange competition in rural areas. These are some major, indeed laudatory, accomplishments of the Plan in pursuit of an enduring and equitable Universal Service environment under the new Act.

Most notably, the Plan was designed to accomplish a “level playing field” that will accommodate competition in rural areas, decrease the need for Universal Service support as a function of increasing usage, eliminate the need for other support mechanisms (such as DEM Weighting, RIC Charges²) and the maintenance and promotion of nationwide average toll and local rates between companies and regions. These would be some momentous accomplishments which underlie ARC’s advocacy to the Commission to give due consideration to the Plan.

The mechanics of how the plan works, how it relies on existing financial and jurisdictional cost information, its jurisdictional rate impact, how it provides proper investment and market incentives are contained in the Comments cited in footnote No. 1. Further, the impact of the Plan as applied by computer model to a representative group of companies is stated both financially and by color pictorial graphs. In this regard, ARC is authorized to represent that assistance will be provided to NECA so it may run its company financial data for the benefit of

² This is independent of the need for or justification of “Lifeline” and “Link-Up” in the future.

the Commission in accordance with the Plan.

The ARC submits that if upon Commission analysis and study of the Plan it is deemed appropriate, the Plan should be subjected to public and industry comments pursuant to any further Notice issued in this proceeding. The Commission is faced with the momentous responsibility of implementing the new Telecommunications Act which has as a hallmark feature the introduction of competition into the local exchange telecommunications marketplace. The Commission should take due notice that rural America has suffered and continues to suffer severely from the malfeasance of prior federal policy makers and regulators who left rural America with inadequate or no service when competition was introduced into the rail, air, bus and trucking marketplaces. The Plan advocated by the ARC seeks to produce a "win-win" result for rural consumers, suppliers of service and those duty bound to promote the public interest -- the Commission and its Staff.

IN CONCLUSION, the ARC urges the Commission to consider, study and analyze the Plan for the reasons stated above, and if deemed appropriate, to solicit public comment on the Plan.

Respectfully Submitted,



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May 7, 1996

APPENDIX A

- Chariton Valley Telephone Corp.
- Columbus Telephone Company
- Green Hills Telephone Corp.
- Mogan Dial, Inc.
- Moultrie Independent Telephone Co.
- South Central Telephone Association
- Steelville Telephone Exchange
- Terral Telephone Co.
- Tri County Telephone Association
- Wiggins Telephone Association

CERTIFICATE OF SERVICE

I, Vanessa N. Duffy, hereby certify that on this May 7th, 1996, copies of the foregoing "Reply Comments of the Ad Hoc Rural Consortium (ARC)" have been served by first-class U.S. mail, postage pre-paid, upon the following:

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